

**Army Regulation 60-31  
AFR 147-26**

**Exchange Service**

# **Equipment and Facilities**

**Headquarters  
Departments of the Army, and the Air  
Force  
Washington, DC  
1 November 1974**

**UNCLASSIFIED**

# ***SUMMARY of CHANGE***

AR 60-31/AFR 147-26

Equipment and Facilities

This is a transitional reprint of this publication which places it in the new UPDATE format. Any previously published permanent numbered changes have been incorporated into the text.

o

o

Effective 1 November 1974

Exchange Service

Equipment and Facilities

---

By Order of the Secretary of the Army:

CREIGHTON W. ABRAMS  
*General, United States Army*  
*Chief of Staff*

Official:

VERNE L. BOWERS  
*Major General, United States Army*  
*The Adjutant General*

By Order of the Secretary of the Air Force:

GEORGE S. BROWN  
*General, USAF*  
*Chief of Staff*

Official:

JACK R. BENSON  
*Colonel, USAF*  
  
*Director of Administration*

---

**History.** The original form of this regulation was published on 26 April 1974. Since that time, Change 1 has been issued to amend the original, and this change remains in effect.

**Summary.** This new edition delineates the types and levels of approval authority for execution of equipment and facilities projects funded from AAFES nonappropriated funds and the responsibilities of the Commander, AAFES, major commanders, and installation commanders in the acquisition and management of exchange fixed assets procured from AAFES nonappropriated funds, as well as in the provision of appropriated fund support for exchange facilities, where authorized. This regulation, together with AR 60–10/AFR 147–7, AR 210–55, and AR 34–67 (until superseded by Volume I of

AFR 34–3), supplements DOD Directives 1330.2, 1330.9, and 7063.3.

**Applicability.** See paragraph 1–2.

**Proponent and exception authority.** Not applicable.

**Army management control process.** Not applicable.

**Supplementation.** Local limited supplementation of this regulation is permitted but is not required. If supplements are issued, Army and Air Force Staff agencies and major commands will furnish one copy of each to HQDA (DAAG–NFF), Washington, DC 20310 or AFMPC/DPMSP, Randolph AFB TX 78148, as applicable. Other commands will furnish one copy of each to the next higher headquarters. Copies of supplements or other types of directives issued to augment this

regulation will also be forwarded to HQ AAFES (EN), Dallas, TX 75222.

**Suggested Improvements.** Not applicable.

**Distribution.** *Army:* To be distributed in accordance with DA Form 12–9A requirements for AR, Exchange Service. Active Army; D (Qty rqr block no. 99); ARNG; C (Qty rqr block no. 98); USAR; D (Qty rqr block no. 99).

*Air Force:* B.

---

**Contents** (Listed by paragraph and page number)

**Chapter 1**

**Introduction, page 1**

Purpose and scope • 1–1, *page 1*

Applicability • 1–2, *page 1*

Explanation of terms • 1–3, *page 1*

Abbreviations. • 1–4, *page 3*

General manager responsibilities. • 1–5, *page 3*

Installation command responsibilities • 1–6, *page 3*

Major command responsibilities • 1–7, *page 4*

---

\*This regulation supersedes AR 60–31/AFR 147–26, 24 September 1964, including all changes.

## **Contents—Continued**

Coordinating component exchange actions • 1–8, *page 4*

### **Chapter 2**

#### **Use of Appropriated and Nonappropriated Funds, *page 4***

Command support and use of appropriated funds • 2–1, *page 4*

Use of AAFES funds for facility improvement peculiar to exchange operations • 2–2, *page 4*

Use of AAFES funds for new construction, alterations and extensions • 2–3, *page 5*

Leasing of facilities • 2–4, *page 5*

Utilities • 2–5, *page 6*

Intrusion alarm systems • 2–6, *page 6*

Fire protection • 2–7, *page 6*

Common services • 2–8, *page 6*

Facilities for concessionaire activities • 2–9, *page 6*

Limitations on the use of AAFES funds • 2–10, *page 6*

### **Chapter 3**

#### **New Construction, Alterations and Additions, *page 7***

Facility design • 3–1, *page 7*

Waivers and exceptions to space criteria • 3–2, *page 7*

Technical review • 3–3, *page 7*

Erection of structures by private individuals or commercial concerns • 3–4, *page 7*

Concessionaire-financed alterations, additions and improvements • 3–5, *page 7*

Title to structures • 3–6, *page 8*

Title to installed property and equipment • 3–7, *page 8*

Facilities improved with AAFES funds. • 3–8, *page 8*

### **Chapter 4**

#### **Equipment, *page 8***

Government equipment • 4–1, *page 8*

AAFES equipment and motor vehicles • 4–2, *page 9*

Disposition of AAFES equipment and motor vehicles • 4–3, *page 9*

Equipment for service club cafeterias and snack bars • 4–4, *page 10*

Equipment for concessionaire activities • 4–5, *page 10*

### **Chapter 5**

#### **Planning and Programing, *page 10***

Planning of requirements • 5–1, *page 10*

Exchange facility master plans • 5–2, *page 10*

Long-range capital expenditure programs (RCS AAFES–55) • 5–3, *page 11*

Annual budgets • 5–4, *page 11*

Planning of construction by private individuals or commercial concerns • 5–5, *page 11*

### **Chapter 6**

#### **Approval of AAFES-funded Projects, *page 11***

Required approvals • 6–1, *page 11*

Approval in principle (AAFES) • 6–2, *page 11*

Project authorization (AAFES) • 6–3, *page 12*

Proprietary approval (command/department). • 6–4, *page 12*

AAFES approval to implement and funding • 6–5, *page 12*

AAFES project approval authority • 6–6, *page 12*

Exceptions and waivers to space criteria • 6–7, *page 13*

Projects in international balance of payment areas • 6–8, *page 13*

Technical sufficiency approval (command) • 6–9, *page 13*

Reporting of construction projects to Congress • 6–10, *page 13*

Project status reports (RCS AAFES–54) • 6–11, *page 13*

## **Contents—Continued**

### **Chapter 7**

#### **Development and Processing of Project Requests, *page 14***

General • 7-1, *page 14*

Preparation of project requests • 7-2, *page 14*

Operating equipment projects • 7-3, *page 15*

Projects involving work on real property • 7-4, *page 15*

Preliminary project proposal • 7-5, *page 15*

Request for authorization (AAFES) • 7-6, *page 16*

Detailed project submission • 7-7, *page 16*

Proprietary approval (command department) • 7-8, *page 16*

Approval to implement (AAFES) • 7-9, *page 16*

Project funding • 7-10, *page 16*

Projects requiring approval by the Board of Directors, AAFEMP • 7-11, *page 17*

Projects initiated by the project approval authority • 7-12, *page 17*

Submission and processing of M&R jobs • 7-13, *page 17*

Emergency projects • 7-14, *page 17*

Routing requests for Departmental approvals • 7-15, *page 17*

### **Chapter 8**

#### **Project Implementation, *page 17***

Basic provisions • 8-1, *page 17*

Procurement and contracting • 8-2, *page 17*

Government contracting with AAFES funds • 8-3, *page 17*

Project supervision and inspection • 8-4, *page 18*

### **Chapter 9**

#### **Engineering Services, *page 18***

General • 9-1, *page 18*

Architectural/engineering support • 9-2, *page 18*

Payment for engineering and architectural services • 9-3, *page 18*

Supervision and inspection of AAFES construction by installation personnel • 9-4, *page 19*

AAFES engineering services • 9-5, *page 19*

### **Chapter 10**

#### **Air Conditioning, Heating, Evaporative Cooling, Humidification, Dehumidification, and Mechanical Ventilation, *page 19***

General policy • 10-1, *page 19*

Appropriated fund projects • 10-2, *page 19*

AAFES design • 10-3, *page 19*

Installation command review of plans and specifications. • 10-4, *page 19*

Authorized types of air conditioning funded by AAFES • 10-5, *page 20*

Criteria for air conditioning with AAFES funds • 10-6, *page 20*

Title to equipment • 10-7, *page 20*

Maintenance of equipment • 10-8, *page 20*

### **Table List**

Table 4-1: Selling price of used surplus equipment, *page 9*

Table 6-1: Approval of AAFES-Funded Projects, *page 14*

Table 10-1: Weather Zone Classifications, *page 20*



## Chapter 1 Introduction

### 1-1. Purpose and scope

a. This regulation governs the acquisition of exchange equipment and construction/renovation of exchange facilities through the Army and Air Force Exchange Service (AAFES) nonappropriated fund capital expenditure program, as well as the expenditure of AAFES nonappropriated funds for the maintenance and repair of equipment and facilities. This regulation also amplifies command responsibilities, cited in AR 210-55, AFR 34-67 (until superseded by AFR 34-3, Volume I), and other applicable directives, for providing appropriated fund support for exchange facilities.

b. These provisions will be used in conjunction with Exchange Service Manual (ESM) 39-2 and other technical instructions published by the Commander, AAFES. Exchange general managers will furnish copies of ESM 39-2, and subsequent changes, to facilities engineers (Army) and base civil engineers (Air Force) for their information and guidance. General managers will furnish other Exchange Service manuals upon request.

### 1-2. Applicability

a. This regulation applies to AAFES activities worldwide. Provisions pertaining to “exchanges” also govern exchange system headquarters, regional headquarters, and other AAFES offices or activities, where applicable. Provisions pertaining to CONUS exchanges also apply to offshore exchanges (i.e., overseas exchanges under the jurisdiction of CONUS exchange regions).

b. Where this regulation requires “exchanges” (or “general managers”) or “exchange service headquarters” to initiate documents or take other action, officers in charge of overseas exchange systems which contain subordinate regions, areas, exchanges, and other administrative echelons may, at their discretion, assign responsibility for the required action to other subordinate echelons or the exchange system headquarters.

c. The term “exchange” used in this regulation applies to area, consolidated, and installation exchanges. Provisions pertaining to “general managers” also apply to any installation exchange officers serving in lieu of general managers in overseas locations.

d. The major command should delegate to the lowest competent command level any responsibility or function prescribed in this regulation for major commands, where appropriate and not precluded by other directives. See paragraph 1-8 for responsibilities where more than one major command may be involved, as in a consolidated or area exchange.

e. In command organizations where the term “installation commander” is not applicable, as in the case of United States Army, Europe, the major command will assign to the most appropriate command element the actions and responsibilities prescribed in this regulation for installation commanders.

f. Except when specified, these provisions do not apply to motor vehicles such as sedans, station wagons, trucks, designed for use on public roads; motor vehicles will be acquired and controlled in accordance with instructions published by the Commander, AAFES. These provisions do apply to vehicles classified as equipment, such as mobile sales outlets, forklifts, and other special purpose vehicles.

g. When local circumstances warrant exception to these provisions, the Commander, AAFES may authorize alternatives, provided that the alternative provisions are in consonance with other Department of the Army and Air Force directives.

### 1-3. Explanation of terms

The definition of terms in AR 60-20/AFR 147-14 will apply to identical terms used in this regulation. In addition, the following explanation of terms applies:

a. *Approval in principle.* Approval of only the concept of a project. An approval in principle may stipulate that funds may be obligated for a feasibility study or architectural design and may identify the actions necessary to secure approval to implement the project.

b. *AAFES approval to implement.* Approval of the project by an AAFES project approval authority, constituting authority to proceed with project accomplishment subject to funding (i.e., funds must be made available for the project prior to the undertaking of any fiscal obligations).

c. *AAFES authorization.* Acceptance of an identified requirement with permission to plan and develop a detailed project submission.

d. *Building improvement.* An item of construction; any work done to a facility which cannot be classified as repair or replacement and which increases or changes the original purpose, capacity, and efficiency.

e. *Detailed project submission.* Submission of a project in detail (e.g., layout plan, outline specifications, DD Form 1391, detailed cost breakdown, etc.) for obtaining AAFES approval to *execute* the project and the related fund allocation or allotment.

f. *Exchange systems, overseas.*

(1) Alaskan Exchange System (ALEX).

(2) European Exchange System (EES).

(3) Pacific Exchange System (PACEX).

g. *Exchange service headquarters.* Headquarters of AAFES, EES, PACEX, ALEX, or a field headquarters above area exchange level (e.g., regional exchange headquarters).

h. *Expenditures (AAFES).* AAFES expenditures related to motor vehicles, equipment and facilities are categorized as follows:

(1) *Capital expenditures.* These are expenditures for the acquisition of fixed assets. Expenditures are, according to their use, charged to the following AAFES accounts:

(a) Buildings and Improvements (B&I).

(b) Equipment (Eq).

(c) Other Fixed Assets (includes nonexpendable supply items meeting AAFES criteria for capitalization) (OFA).

(d) Motor Vehicles (Auto).

(2) *Repairs and maintenance expenditures.* These are expenditures for labor and material to maintain and repair motor vehicles, equipment and facilities. Expenditures are charged to AAFES expense accounts (Repairs and Maintenance).

(3) *Supply expenditures.* These are expenditures to acquire items which cannot be capitalized, such as equipment-type items—pots, pans, trays, tools, chairs, etc.—whose cost is less than the criteria established for capitalization and which are categorized as nonexpendable supply items. Expenditures are charged to AAFES expense accounts (supplies).

i. *Motor vehicles.* Passenger, cargo and special purpose vehicles, motorcycles, and scooters, including trailers, designed for use on public roads (but not including trucks and trailers exclusively used for sale of food, merchandise, or services).

j. *Maintenance and repair (M&R) job.* A distinct undertaking, or part of a composite project (k(2)(b) below, involving work (labor and materials) costing less than \$2,000, subject to the provisions of paragraph 7-2b, which prohibits the subdivision of projects. Work may consist of maintenance and repairs or building improvement, or a combination of these.

*Note.* AAFES has a longstanding internal practice of using the term “repair and maintenance” or “R&M” (see h(2) above).

k. *Project.* Work of a facility nature, such as construction, renovation or maintenance, or acquisition of equipment or both.

(1) A project may consist of—

(a) Purchase of one or more new or, in exceptional circumstances, used items of equipment for one activity (see note); e.g., the acquisition of a desk for an exchange office or the acquisition of all equipment needed to activate an activity.

(b) Renovation or expansion (or both) of a single activity (see note), e.g., the redecoration of a snack bar and expansion of its stockroom. (The concurrent renovation of a sales store in the same facility (building) would be a separate project.)

(c) Repair and/or maintenance of a single activity (see note), e.g., replacement of deteriorated flooring in a snack bar. (The concurrent repair of ceilings in a sales store in the same building, if executed as a separate undertaking under separate contracting arrangements, would be a separate project.)

*Note.* Where an activity includes specialized subordinate functions, e.g., a china or encyclopedia concessionaire within a retail store, those functions are considered part of that activity for purposes of project definition.

(d) A combination of the work cited in (a), (b) and (c) above when planned and executed as one undertaking.

(e) Construction of a new facility involving one or more activities, including installed and portable equipment and related exterior work such as site preparation, parking area, utilities, landscaping and other land improvements.

(f) Construction, renovation, repair or maintenance, or purchase of equipment, or a combination of that work, involving two or more activities (e.g., repair or replacement of the roof over an entire facility or installation of a common air-conditioning system to support all activities in a facility) where the work is to be performed as one undertaking (e.g., under one construction contract).

(2) Certain projects are referred to as—

(a) *Capital expenditure projects.* The work involves only items eligible for procurement with capital expenditure funds (h(1) above).

(b) *Composite projects.* These include both AAFES capital expenditure funds and maintenance and repair (M&R) expense.

(c) *Combination projects.* These include AAFES nonappropriated capital expenditure funds (or M&R expense, or both) and appropriated funds.

(d) *Emergency projects.* A requirement necessitating immediate obligation of AAFES funds to establish or continue exchange operations in cases of emergency. Emergency situations are considered existing under the following or equivalent circumstances:



1. Sudden and unscheduled deployment of a substantial number of troops (e.g., as a result of a defense emergency or a natural catastrophe).
2. Reestablishment of essential exchange activities which have been interrupted by disaster (e.g., flood, hurricane, fire) or accidents.
3. Unrepairable breakdown of essential equipment.
4. Work required to eliminate major unanticipated safety, sanitation, or security hazards.

(e) *Jointly funded projects.* Same as combination projects ((c) above).

(f) *M&R projects.* Involves only work of a maintenance and repair nature costing \$2,000 or more. (For M&R work costing less than \$2,000, see *j* above.) An M&R project is not capitalized but is charged directly to maintenance and repairs expense. It may include one or more M&R jobs or building improvements (B&I), or both, provided the cost of the building improvements is less than \$2,000.

*Note.* Leasing (or rental) of equipment or facilities does not constitute a project. (See paragraph 2–4 for leasing of facilities and ESM 39–3 for leasing of equipment.) Work on a facility after it is leased does constitute a project (or M&R job).

*l. Project approval authority (AAFES).* An exchange service agent authorized to approve and fund AAFES projects within specified limits. May also refer to the amount of authority delegated.

*m. Proprietary approval.* This approval by command or the Department concerned grants authority to execute work of a specified type and scope on government-owned or controlled facilities or land at a designated location.

*n. Work program.* Two or more projects or M&R jobs for furnishing comparable items of equipment or for implementing comparable construction, renovations, repair or maintenance, or a combination of that work, in a series of activities at one or more installations. Examples of work programs are: installation of a pizza oven in a multitude of snack bars, activating portable launderette facilities at a series of installations, or installing vending canopies at a multitude of locations.

#### **1–4. Abbreviations.**

Abbreviations used in this regulation include the following:

- a. AAFES—Army & Air Force Exchange Service
- b. AAFEMPS—Army & Air Force Exchange and Motion Picture Service
- c. B&I—Buildings & Improvements
- d. ESM—Exchange Service Manual (e.g.—ESM 39–2)
- e. EQ—Equipment
- f. MCA—Military Construction Army
- g. MCP—Military Construction Program
- h. M&R—Maintenance & Repair
- i. OFA—Other Fixed Assets
- j. O&M—Operation & Maintenance

#### **1–5. General manager responsibilities.**

The general manager will—

- a. In coordination with the facilities engineer (Army) or base civil engineer (Air Force), prepare—and annually update—an Exchange Facility Master Plan (para 5–2).
- b. Draft annual submissions of long-range capital expenditure programs and submit them for installation approval if work on real property is involved, and forward approved copies to the Commander, AAFES, through intermediate AAFES echelons (para 5–3).
- c. Coordinate exchange project submissions with interested elements of the installation (e.g., facilities or base civil engineer) and forward submission to the project approval authority. Obtain necessary proprietary approvals (para 6–4) from or through the installation concerned (para 7–8).
- d. Approve maintenance and repair (M&R) jobs (ESM 39–4).
- e. Prepare and submit project status reports (para 6–11).
- f. Coordinate implementation of approved projects as authorized or directed (chap. 8).

#### **1–6. Installation command responsibilities**

The installation commander will—

- a. Direct the local coordination of the Exchange Facility Master Plan and changes to it, approve the plan, and for CONUS and offshore exchanges, secure major command assurance of its consonance with command planning.
- b. Where long-range capital expenditure programs involve work on real property, concur in that work and, for CONUS and offshore exchanges, forward copies of the concurred-in programs to the major command.
- c. After authorization and prior to implementation of a project, furnish or obtain required proprietary approvals.

d. Provide engineer support as authorized including timely preparation of DD Forms 1391 and technical review of project designs as requested.

### **1-7. Major command responsibilities**

Major commands (or intermediate commands where applicable) will take the following actions or delegate the responsibility to the lowest competent command echelon (para 1-2d):

a. Review Exchange Facility Master Plans and Long-Range Capital Expenditure Programs involving real property for consonance with command planning (optional for exchanges in an oversea exchange system, at the discretion of the major command) (chap. 5).

b. Grant major command proprietary approval for exchange work on real property (when authority for that approval has not been delegated to a subordinate command) (para 6-4 and 7-4).

c. Conduct technical sufficiency review of plans and specifications for projects, as required (para 3-3).

### **1-8. Coordinating component exchange actions**

a. For the purpose of these provisions, a component exchange is an installation exchange which is a member of a consolidated or area exchange.

b. The Exchange Facility Master Plan (para 5-2), including its annual updating, and the long-range Capital Expenditure Program (para 5-3) for a component exchange will be forwarded to the installation and, for CONUS and offshore exchanges, to the major command of the component exchange for review. (Where the general manager of the consolidated/area exchange has delegated preparation of the master plan and long-range program to the component exchange, the plan and program will be reviewed by the consolidated/area exchange before they are submitted to the component exchange's installation and major command.)

c. Requests for proprietary approval (para 6-4 and 7-4) of a component exchange project will indicate concurrence by the commander of that installation and, where approval by higher headquarters is required, will be forwarded to or through the major command of the component exchange.

d. Reviews and approvals for technical sufficiency of projects (para 3-3) will be furnished as directed by the major command of the component exchange.

## **Chapter 2**

## **Use of Appropriated and Nonappropriated Funds**

### **2-1. Command support and use of appropriated funds**

a. Adequate facilities for AAFES activities normally will be provided and maintained from appropriated funds. See AR 210-55 and AFR 34-67 (until superseded by AFR 34-3, Volume I).

b. Where buildings have not been provided specifically for exchange use, the installation commander is authorized to set apart for the use of AAFES any building, rooms, or other real property under his jurisdiction, subject to the provisions of AR 415-2 and AFM 86-2. For oversea areas (excluding Alaska, Hawaii and US territories and possessions), the use of appropriated funds to lease real property for exchange use is authorized (for Army exchanges, pursuant to AR 405-10). Regardless of how buildings and facilities are provided, they will be made suitable for AAFES occupancy through MCP/MCA projects or through use of other appropriated funds; work to include authorized interior finishes of floors, walls and ceilings, subject to the limitations imposed on the use of operations and maintenance funds for alterations, additions, modifications and construction.

c. Buildings, including permanently installed heating, air conditioning, plumbing and electrical systems and real property installed equipment/installed personal property occupied by AAFES will be maintained and repaired by the facilities or base civil engineer, as appropriate, out of operation and maintenance funds, without reimbursement from AAFES funds, except that—

(1) Maintenance and repair of structures to which the AAFES holds title will be paid for from exchange funds.

(2) AAFES will assume maintenance and repair expense of interior finishes of space occupied by the exchange (e.g., paint, floors, ceilings, special lighting) and of building modifications and alterations which were accomplished with exchange nonappropriated funds solely for purposes peculiar to exchange operations. Work is peculiar to exchange operations when that work would not be needed if some other tenant were to use the facility. AAFES will also assume maintenance and repair expense of available Government equipment on loan to AAFES (for the provision of Government equipment, see paragraphs 4-1 and 4-4).

d. Appropriated fund support may be provided on a reimbursable basis for work which is a nonappropriated fund responsibility, including repair of exchange operating equipment, when that support is requested by the exchange.

### **2-2. Use of AAFES funds for facility improvement peculiar to exchange operations**

a. After facilities have been provided to the extent prescribed in paragraph 2-1, AAFES funds may be used to

acquire and install exchange operating equipment and air conditioning, where authorized, and for work on or within the interiors of buildings if that work is required solely for purposes peculiar to exchange operations and if AAFES funds have been made available prior to the undertaking of the project. Facility work peculiar to exchange operations, depending on circumstances, may include, subject to command proprietary approval (para 6,4) and technical sufficiency approval (para 3–3)—

(1) Interior decorating required to create an appropriate customer service environment in retail, food, vending and service outlets; e.g., hung ceilings, paint work of decorative nature, wall panelling and wall covers, temporary partitions and panels for special functional purposes, special lighting fixtures and spotlights, floor covers, and decorative curtain walls above wall fixtures.

(2) Utility lines to connect exchange-furnished equipment with main interior utility outlets, including modifications of, or extensions to, existing interior utility lines to accommodate layout changes.

(3) Minor modifications to the structure of a building, including changes of doors, windows, and partitions.

(4) Erection of portable/relocatable buildings, Government-owned or AAFES-owned.

(5) Construction of a “mezzanine” in a stockroom or a warehouse when the existing storage area is inadequate. Such a mezzanine will not be constructed as a permanent second floor of the building.

(6) Construction of fire partitions or fire walls upon prior approval by HQ AAFES and conformance to fire protection criteria, DOD manual 4270.1M.

(7) Installation or modification of intrusion alarm and fire protection systems when authorized by paragraph 2–6 or 2–7.

(8) Relocation or expansion of customer entrance doors to improve traffic, storm vestibules with storm doors when justified by prevailing weather conditions, and canopies over service station pump islands or warehouse and stock room doors to protect exchange supplies or over exchange equipment installed outside (e.g., vending machines, walk-in refrigerators).

(9) Construction of a concrete platform or other type of patio, with or without a covering temporary type canopy (such as canvas, aluminum, and corrugated plastic) and surrounding screening, for use as an outdoor dining area, vending area, beer garden, or sales area for garden furniture and supplies, subject to prior approval by the Commander, AAFES, if in excess of 2,000 square feet.

(10) Air conditioning, heating, evaporative cooling, humidification, dehumidification and mechanical ventilation, subject to the provisions of chapter 10.

(11) Work approved by the Commander, AAFES, for a specific project.

b. AAFES funds will not be used for facility improvements exceeding standards established by the Commander, AAFES.

c. AAFES investments in facilities scheduled for temporary use will be held to a practical minimum.

d. Exchange facility projects will be planned to use available appropriated funds to the maximum extent authorized by AR 210–55 or AFR 34–67 (until superseded by AFR 34–3, Volume I).

## **2–3. Use of AAFES funds for new construction, alterations and extensions**

a. Subject to prior approval by the Board of Directors, AAFEMPS, upon a determination that a substantial requirement exists therefor, AAFES funds may be used for new construction of facilities, including purchase and erection of pre-engineered or portable buildings and for alteration, modification, deletion or extension of existing facilities, including buildings and outside improvements, e.g., parking lots and utility systems to make them suitable for exchange use. The Board of Directors, AAFEMPS, may delegate to the Commander, AAFES authority, (within such project approval limits as it may from time to time prescribe to approve and fund construction projects for which a substantial requirement exists.

b. Project submissions for AAFES funding of new construction of buildings, building annexes, or extensions, or for major rehabilitation of buildings will be supplemented by special justification prepared in accordance with ESM 39–20.

## **2–4. Leasing of facilities**

In accordance with the intent cited in paragraph 2–1a that exchange facilities be provided from appropriated funds, the use of AAFES funds for leasing of facilities is authorized on an exception basis only. Exceptions will be considered in overseas areas when existing buildings under military control are inadequate and appropriated funds are not immediately available (para 2–1b) and in CONUS Alaska, Hawaii, US territories and possessions when existing buildings under military control are not available or are inadequate. Requests for the use of exchange funds, both for new and renewal leases, must demonstrate that the leasing is essential to sound operation, that the amount of space to be leased is fully justified, and that the needed space cannot be provided by the responsible commander at no cost to the exchange within a reasonable period of time. It is not the intent of these provisions to alter the funding source of existing leases, or renewals of existing leases. When new leased space for exchange facilities is required, HQ AAFES will arrange with the Department of the Army or Air Force for identification of the applicable method of payment, i.e., appropriated versus AAFES nonappropriated funds.

a. Exceptions involving AAFES-funded rental costs up to \$25,000 a year require prior approval by the Commander,

AAFES. Exceptions involving rental costs exceeding \$25,000 a year require prior approval by the Board of Directors AAFEMPS.

b. Requests for authority to lease with AAFES funds will be submitted to the Commander, AAFES, with complete justification, including detailed statements of all previous efforts to provide the required exchange facilities through other means and including drafts of proposed leasing agreements, in the manner specified in ESM 39-2.

c. These provisions do not apply to a service contract in which the use of space is incidental to the service. A contract for storage services differs from leased space in that the contractor provides security, fire protection, insurance, employees for interior handling, etc., and determines the space assignment for exchange merchandise, supplies, and equipment. The exchange normally only transports the merchandise, supplies and equipment to and from the premises. The two most common examples of service contracts of this type are those for refrigerated space and storage of household goods.

## **2-5. Utilities**

a. The cost of heat, water, light, power, refuse collection and disposal, and other utilities furnished to exchange activities by the Government will be reimbursed, except in areas outside the continental United States. Reimbursement, when required, will be at cost to the Government, in accordance with AR 210-55, AR 420-41, AFR 34-3, Volume 1, and AFR 91-5, as applicable.

b. Meters will be used for measuring electric, gas, and water consumption where practical, otherwise estimates will be used. The Air Force requires meters to be installed for many of these single utility services which are estimated to cost more than \$250. (See AFR 91-5 for responsibilities for cost of installing meters). The rates charged for utilities will be reviewed not less than once each year and more often if changing conditions warrant. Exchanges will pay utility invoices monthly. Invoices will be itemized to indicate the rate, consumption and charges for each type of utility provided by the Government for each location where the utilities were furnished.

## **2-6. Intrusion alarm systems**

a. *Systems required by command.* In accordance with AR 60-10/AFR 147-7, if intrusion alarm systems are required by installation commanders to protect exchange merchandise, cash and other assets (including those of exchange concessionaires), the systems shall be procured and installed without cost to AAFES. AAFES funds may be used for normal repairs and maintenance of previously purchased systems. The use of AAFES funds for purchase, lease, modification, and expansion of intrusion alarm systems is not authorized except in special circumstances where commanders state that appropriated funds are not available and the benefits to AAFES warranting the use of AAFES funds are fully documented, and prior approval by Commander, AAFES is obtained.

b. *Systems required by AAFES.* Where an intrusion alarm system requirement is originated by AAFES, AAFES funds may be used to purchase or lease the system, as well as for modification, expansion, and routine repairs and maintenance of systems.

c. *Request for approval of AAFES-funded alarm system.* The information that exchanges must submit to support a request for approval of an AAFES-funded intrusion alarm system project is specified in ESM 39-3.

## **2-7. Fire protection**

a. AAFES funds may be used to install and modify sprinkler and fire alarm systems where these are required solely to protect AAFES assets under AAFES criteria. Sprinkler and fire alarm system projects require prior approval by the Commander, AAFES. ESM 39-2 specifies the information which exchanges must submit to support these projects.

b. Where sprinkler and fire alarm systems are required primarily to protect Government properties or human life, such systems will be installed or modified with appropriated funds.

## **2-8. Common services**

Common services will be provided exchanges on a nonreimbursable basis. These services include pest control and sanitation inspections.

## **2-9. Facilities for concessionaire activities**

The provisions of paragraph 2-1 concerning appropriated fund responsibilities for providing adequate facilities for exchange activities apply to facilities required for exchange concessions. Where appropriated fund support cannot be secured to satisfy requirements, concessionaire facilities will be provided with AAFES or concessionaire funds in accordance with ESM 39-2; this includes new construction, renovation, and improvement of facilities, as well as real property installed equipment (installed personal property). (For concessionaire equipment, see paragraph 4-5.)

## **2-10. Limitations on the use of AAFES funds**

a. Capital expenditure funds will be provided by the Commander, AAFES to acquire AAFES equipment and motor vehicles and for authorized facility projects, as well as for equipment-type items eligible for capitalization (other fixed assets). Capital expenditure funds will not be used to acquire—

- (1) Supplies (except those eligible for capitalization as part of a project) nor merchandise for resale.

- (2) Services eligible for acquisition with other funds (e.g., maintenance and repairs).
  - (3) Equipment for concessionaires when the equipment will be immediately turned over to, and AAFES will be reimbursed by, the concessionaire.
  - (4) Replacements of fixed assets as a result of a loss for which funds are recovered from another source (e.g., an insurance recovery).
  - (5) Reserve stock of equipment and fixtures maintained by overseas exchanges. (Items maintained in the reserve stock will be charged against capital expenditures when placed in use.) Composition and dollar value of reserve stock require prior approval by the Commander, AAFES.
- b. Expense funds will not be used to acquire assets eligible for acquisition with capital expenditure funds.

## **Chapter 3**

### **New Construction, Alterations and Additions**

#### **3-1. Facility design**

- a. New MCP construction of buildings for AAFES use will conform in design to standard or definitive drawings and layout sketches published by the Departments of the Army and the Air Force. Where standard designs are not available, layout proposals should be obtained from the Commander, AAFES. When Commander, AAFES proposals have not been used, or deviation from existing standard designs is intended, drawings of proposed structures and equipment layouts will be submitted for preliminary review by the Commander, AAFES. However, this review may be made by the overseas exchange system commander if the project does not require AAFES capital expenditure funds of more than \$25,000 construction costs or \$50,000 total project cost. Designs and layouts approved by the Commander, AAFES will not be modified without his prior authorization.
- b. Where use of AAFES funds is authorized for construction, design will conform to established standards, criteria, and specifications, including those published by the Commander, AAFES.

#### **3-2. Waivers and exceptions to space criteria**

Requests for waivers of, or exception to, space criteria (AR 415-2 and AFM 86-2) will be coordinated with the Commander, AAFES, prior to submission to the Department of the Army or to the Department of the Air Force. This applies equally to appropriated fund and AAFES-funded or concessionaire/supplier-funded projects. For AAFES-funded and concessionaire/supplier-funded projects, the AAFES project approval (para 6-5) will be obtained prior to, or requested concurrently with, the initiation of a request for waiver of, or exception to, space criteria. (For determination of the approval authority for a waiver/exception, see paragraph 6-7.)

#### **3-3. Technical review**

All AAFES-funded construction projects are subject to technical review for engineering adequacy and compliance with Department of the Army or Department of the Air Force space criteria. The review of exchange projects pertaining to Army installations will be accomplished by the designated authorized engineer representative of the construction organization or agency responsible for execution of construction at the installation concerned (e.g., facilities engineer, major command engineer, or district engineer, as applicable). The responsible major command will designate the reviewing agency. The review of exchange projects pertaining to Air Force installations will be accomplished in accordance with AFR 89-1.

#### **3-4. Erection of structures by private individuals or commercial concerns**

- a. Authority of the Secretary of the Army or the Secretary of the Air Force is required to permit the erection of structures on installations by private individuals or commercial concerns. This authority is not required for portable and relocatable buildings or when construction contracts between private individuals or commercial concerns and the exchange specify that immediately upon completion of any structure (excluding portable or relocatable buildings), title to it passes to the Government. In any case, the contract will contain conditions and restrictions which will prevent any future conflict with military requirements and eliminate any future obligations against appropriated funds of the Army or the Air Force.
- b. All structures erected by private individuals or commercial concerns require prescribed proprietary approvals, i.e., by installation command, major command, Department (para 6-4), and technical sufficiency approvals (para 3-3). This applies also to relocatable and portable structures whether or not the private individuals or commercial concerns have been authorized by the Commander, AAFES, to retain title to the structures.

#### **3-5. Concessionaire-financed alterations, additions and improvements**

A concessionaire funded project involving alteration, addition, improvement or other work on real property at a

military installation requires the same command proprietary approval (para 6-4), technical sufficiency approval (para 3-3), and approval by the AAFES approval authority as does a comparable AAFES-funded project.

### **3-6. Title to structures**

*a.* Structures other than portable and relocatable buildings erected with proper authority on military installations and paid for solely from AAFES funds or erected by private individuals or commercial concerns for AAFES, pursuant to a contract with AAFES, become the property of the Government and will be carried on records of the Department of the Army or of the Air Force, as appropriate, in accordance with existing departmental regulations. This provision applies also to extension, alteration and improvement of Government facilities paid for from AAFES funds.

*b.* Title to portable and relocatable buildings acquired and erected solely with AAFES funds will be retained by the AAFES. Private individuals or commercial concerns may retain title to a portable building erected by them under contract, upon prior approval by the Commander, AAFES. Erection of portable and relocatable buildings (and any other work on real property) requires the proprietary approval of the commander concerned. Portable and relocatable buildings authorized for and erected by AAFES or private individuals, or both, are subject to the provisions of paragraph 2-14, or 2-15, AFM 93-1 or paragraph 15, AR 735-27, and may be removed by the exchange activity or private individuals provided the site is restored to the condition existing at the time the structure was originally affixed.

*c.* Structures erected pursuant to paragraph 3-4 and *a* above will be designated AAFES buildings and will not be used for other than AAFES purposes without prior approval by the Commander, AAFES and the Department concerned.

### **3-7. Title to installed property and equipment**

*a.* Title to and accountability for all installed property purchased wholly with AAFES funds remain in the AAFES where the property is movable or severable without causing substantial physical damage or injury to the structure or land. The determination as to moveability or severability of the installed property will be accomplished in coordination with the facilities engineer or base civil engineer.

*b.* When any equipment purchased wholly with AAFES funds is to be attached to or integrated with any public structure or land so as not to be severable without causing substantial physical damage or injury to that structure or land, and it is desired that title to and accountability for the equipment be retained by the AAFES, a written permit identifying the property and authorizing retention of title and accountability by the AAFES will be obtained from the installation commander. The facilities or base civil engineer will be furnished with a copy of the permit. Equipment covered by the permit may be removed by the AAFES, provided that the public structure or land to which the property was affixed is restored by AAFES to the condition existing at the time the property was originally affixed to it, fair wear and tear excepted.

### **3-8. Facilities improved with AAFES funds.**

*a.* As stated in paragraph 3-6, AAFES-funded improvements to Government-owned facilities become the property of the Government. As cited in paragraph 3-7, this is applicable also to AAFES-funded installed property unless AAFES obtains a written permit from the responsible commander for retention of title to the installed property. Although facility improvements and installed property become property of the Government, they constitute an investment of AAFES resources and are carried on AAFES financial records (as fixed assets subject to depreciation).

*b.* In instances where a substantial expenditure of AAFES funds has been made to improve a facility, commanders will endeavor to avoid requiring subsequent relocation of exchange activities from the facility. Where relocation of an exchange activity from an AAFES-improved facility is unavoidable, every effort should be made to provide the exchange activity a suitable alternative facility requiring minimum further investment of AAFES funds.

*c.* Where another nonappropriated fund agency is to take over a facility improved with AAFES funds, that agency normally will reimburse AAFES for any undepreciated value of AAFES-funded building improvements and installed property.

*d.* When a write-off of AAFES undepreciated assets is required due to relocation from a facility, the exchange will obtain the prescribed AAFES write-off approval prior to vacating the facility.

## **Chapter 4 Equipment**

### **4-1. Government equipment**

Government equipment may be used for official AAFES business in accordance with AR 210-55 and AFR 34-67. When no longer required, the equipment must be turned in to a military property disposal office with clear identification that it is Government equipment.

#### 4-2. AAFES equipment and motor vehicles

- a. Ownership of equipment and motor vehicles purchased with AAFES funds is vested in AAFES. (For retention of title to installed equipment see paragraph 3-7). The Commander, AAFES may direct the transfer of equipment and motor vehicles between exchanges, in accordance with overall AAFES requirements.
- b. All equipment and motor vehicles owned, rented or on loan will be used only in the conduct of official AAFES business.
- c. The Commander, AAFES will establish standards and allowances for equipment and motor vehicles.
- d. Equipment and motor vehicles will be identified and controlled in accordance with operating instructions and procedures published by the Commander, AAFES.
- e. Except as otherwise authorized by the Commander, AAFES, equipment and motor vehicles will be procured from US sources.
- f. Maintenance and operation of equipment and motor vehicles, including periodic inspections, will be conducted in accordance with operating instructions and procedures published by the Commander, AAFES.

#### 4-3. Disposition of AAFES equipment and motor vehicles

- a. Usable (i.e., good or better condition) AAFES equipment and motor vehicles excess to the requirements at an exchange will be transferred to other exchanges in accordance with directions of the Commander, AAFES. Excess equipment and motor vehicles will be the prime source of supply for all AAFES requirements.
- b. Excess motor vehicles which cannot be economically transferred will be disposed of as surplus by trade-in or sale for reuse; otherwise, they will be disposed of in accordance with ESM 50-1 (motor vehicles).
- c. Equipment in less than good condition, or equipment in good or better condition but no longer needed by other exchanges (surplus equipment), will be disposed of by sale for reuse, as compared with sale as scrap (f(1) below) by any of the following means:
  - (1) The exchange may offer the items for competitive sale to private individuals or commercial firms.
  - (2) The exchange may sell surplus equipment without competition to other government agencies or institutions (including local government) in accordance with price guides contained in ESM 39-3, as follows:
    - (a) Selling price of new surplus equipment will be equal to the landed cost (actual cost) to the exchange. Depreciation will not be deducted.
    - (b) Selling price of used surplus equipment will be established as the fair replacement value which may be estimated as follows:

**Table 4-1**  
**Selling price of used surplus equipment**

---

**Condition:** Excellent  
**Recommended sale price:** 80% of cost price (or depreciated value, whichever is higher).

---

**Condition:** Good  
**Recommended sale price:** 60% of cost price (or depreciated value, whichever is higher).

---

**Condition:** Fair  
**Recommended sale price:** 40% of cost price.

---

**Condition:** Poor  
**Recommended sale price:** 20% of cost price.

---

Notes:  
(Criteria for condition classification is contained in ESM 39-3.)

---

- (c) The exchange must have a written purchase instrument from the appropriated or nonappropriated fund activity purchasing the items. Packing, crating, and transportation costs must be borne by the purchaser.
- d. The exchange may use the services of the General Services Administration (GSA) or the Defense Supply Agency (DSA) to sell the equipment and may turn the items over to Defense Property Disposal Officers (DPDO) of one of the military services for sale. If DSA (through a Defense Property Disposal Region or DPDO) sells the equipment, the exchange receives the proceeds less DSA sales expense. (GSA turns over 100 percent of the proceeds.)
- e. Exchange equipment which can be sold for re-use will not be donated.
- f. If equipment is surplus and cannot be sold for reuse, the exchange may dispose of the items through any of the following means:
  - (1) Sale as scrap by the exchange or by a DPDO. If sold by the DPDO, the exchange receives the proceeds (where the amount of scrap warrants reimbursement to the exchange) less DSA sales expense.
  - (2) Where the item has no sales value and has been requested by the base chaplain or personnel services/special services officer, the exchange may transfer the item to the requesting official without charge.

- (3) The items may be destroyed or disposed of as trash by the exchange or the DPDO.
- g. Before utilizing any of the three means cited in *f* above, the exchange must—
- (1) Forward a listing of the items to the exchange service headquarters.
- (2) If the depreciated value of any item exceeds the exchange writeoff approval authority, obtain prior writeoff approval from the exchange service headquarters, as prescribed by the Commander, AAFES.
- h. Exceptions to any of the foregoing provisions require prior approval by the Commander, AAFES. Detailed information on disposal of AAFES equipment is contained in ESM 39-3.

#### **4-4. Equipment for service club cafeterias and snack bars**

Service club snack bars and service club cafeterias will be equipped from appropriated funds. However, AAFES funds may be used to supplement Government-furnished equipment in service club snack bars and cafeterias operated by exchanges when the equipment to be added is not shown on departmental standard layouts for those facilities.

#### **4-5. Equipment for concessionaire activities**

- a. Except where otherwise specified by the Commander, AAFES, concessionaires normally will provide operating equipment, fixtures, and tools of the trade at their own expense.
- b. HQ PACEX (except for Hawaii exchanges) and HQ EES may use AAFES capital expenditure funds to acquire equipment, fixtures, and tools of the trade for concessionaire-operated activities when determined most advantageous to AAFES.
- c. Subject to compliance with host country laws, exchange equipment, fixtures, and tools of the trade may be sold to exchange concessionaires either outright or through purchase agreements in accordance with procedures published by the Commander, AAFES (para 2-10a(3)).

## **Chapter 5 Planning and Programing**

### **5-1. Planning of requirements**

- a. AAFES acquires equipment and improves facilities with its own AAFES nonappropriated funds, in conjunction with appropriated-fund facility programs, to provide adequate exchange facilities of substantially uniform standards worldwide.
- b. As the deployment of Army and Air Force personnel directly affects exchange operations, it is imperative that planning and implementation of exchange projects be responsive to rapidly changing conditions as well as in consonance with the overall planning of the Departments of the Army and Air Force. In addition, exchange projects must be consistent with AAFES current and long range plans to increase efficiency and economy in worldwide exchange operations, as well as to provide facilities that meet currently acceptable commercial standards.
- c. To provide planning media to carry out effective exchange facility programs each exchange is required to develop, and annually update—
- (1) An Exchange Facility Master Plan (para 5-2).
- (2) A Long-Range (5 year) Capital Expenditure Program (para 5-3).

### **5-2. Exchange facility master plans**

- a. Each exchange in coordination with the facilities engineer (Army) or base civil engineer (Air Force) will develop an Exchange Facility Master Plan, as an extension of the installation master plan. (See AR 210-20, AR 415-15, and AFR 86-4 for preparation of installation master plans.) Exchange Facility Master Plans will describe exchange facilities, their adequacies and inadequacies, and will identify intermediate and ultimate exchange facility objectives.
- b. Exchange Facility Master Plans will be prepared and updated in accordance with ESM 39-20. Exchange Facility Master Plans will be updated at least annually, based on annual guidance published by the Commander, AAFES, identifying general and specific facility and equipment objectives to be pursued by exchanges on a priority, time-phased basis. The Exchange Facility Master Plan will serve as the basis for the AAFES Long-Range Capital Expenditure Program (para 5-3).
- c. The Commander, AAFES will evaluate Exchange Facility Master Plans in conjunction with reviews of Project Authorization Requests and requests for space criteria exceptions/waivers and recommend necessary changes to the installation commander when operational or technical factors indicate a need for the revisions. The Commander, AAFES may provide technical assistance in master planning of exchange facilities; however, final approval of detail site plans and changes to installation master plans will be the responsibility of the Department of the Army, as prescribed by AR 210-20, or the major air command, as outlined in AFR 86-4, as applicable.
- d. Each Exchange Facility Master Plan, and revisions will be locally coordinated as directed by the installation commander, and the coordinated plan requires his approval. Prior to approving the Exchange Facility Master Plan for a



CONUS or offshore exchange, the installation commander will secure major command assurance of its consonance with command planning.

### **5-3. Long-range capital expenditure programs (RCS AAFES-55)**

a. Each exchange will develop a long-range (5-year) capital expenditure program to progressively achieve the exchange facility objectives identified in the Exchange Facility Master Plan.

b. The long-range program will be developed on the basis of the guidance issued annually by the Commander, AAFES. It will be formulated in consonance with the Exchange Facility Master Plan and the latest information regarding changes in strength and deployment of troops and their impact on future status for facilities.

c. The long-range program will include estimated individual fund requirements for each project over \$25,000 and a lump sum amount for projects of lesser scope. (Details are contained in ESM 39-20.) Failure to incorporate a requirement in the long-range program does not preclude exchange development and submission at any time of an unforeseen, urgent project, together with an appropriate amendment to the program.

d. Long-range programs developed and updated by exchanges, if involving work on real property (e.g., construction), require the concurrence of the installation commander. Concurred-in programs will be submitted annually to the Commander, AAFES, on AAFES Form 8100-1 (Long-Range Capital Expenditure Program), in accordance with instructions in ESM 39-20.

e. The worldwide Long-Range Capital Expenditure Program provides the Board of Directors, AAFEMPS, and the Commander, AAFES, with information on future capital fund requirements and their impact on projected financial objectives.

### **5-4. Annual budgets**

The Commander, AAFES, will develop each year for consideration by the Board of Directors, AAFEMPS, annual funding ceilings for exchange capital expenditures. These will be based on long-range capital expenditure programs submitted by exchanges, status of already authorized and approved projects as reflected in project status reports, and analysis of facility and equipment inventories and Departmental planning data.

### **5-5. Planning of construction by private individuals or commercial concerns**

Construction of buildings, by private individuals or commercial concerns pursuant to contractual agreements with private individuals or commercial concerns (e.g., concessionaires) will be included in programing or planning as exchange projects. However, these projects will specify that AAFES funds are not required for the construction.

*Note.* After necessary projects approvals have been obtained, this construction will be consummated through execution of AAFES standard form agreements. Authority to modify these contracts to meet special conditions in oversea areas requires approval by the Commander, AAFES or his designee.

## **Chapter 6**

### **Approval of AAFES-funded Projects**

#### **6-1. Required approvals**

Prior to the implementation of any AAFES-funded project, one or more of the following approvals must be obtained, as applicable:

- a. Approval in principle (para 6-2).
- b. Project authorization (para 6-3).
- c. Proprietary approval (para 6-4).
- d. Approval to implement and funding (para 6-5).
- e. Approval of exceptions and waiver to space criteria (para 6-7).
- f. Approval of projects involving International Balance of Payments (para 6-8).
- g. Technical sufficiency approval (para 6-9).

#### **6-2. Approval in principle (AAFES)**

a. Approval in principle by an AAFES project approval authority constitutes approval of only the concept of a project. It signifies that the submitting exchange element may proceed to develop a more definitive project proposal or one of revised scope. The approval in principle will normally identify the actions to be taken toward securing approval to implement the project. It may stipulate that AAFES funds may be obligated for a feasibility study, site survey, preliminary design, or other services.

b. Project proposals submitted for approval in principle may include—

- (1) Projects involving new construction, building extension and major alteration.

(2) Projects involving exceptions to AAFES policy or otherwise contain unusual requirements (e.g., renovation of QM bakery in connection with proposed take-over by an overseas exchange system).

c. Approval in principle may also be granted for a project that was submitted for authorization or approval to implement but is being returned for rescope.

d. Approval in principle can be granted only by the AAFES project approval authority that subsequently can grant approval to implement (para 6-6).

### **6-3. Project authorization (AAFES)**

a. Authorization of a project by an AAFES project approval authority constitutes—

(1) Acceptance of the identified requirement for the project, its scope, and projected fiscal impacts.

(2) Permission to plan and develop a detailed project submission (e.g., layout plan, outline specifications, a detailed quantitative cost breakdown) in order to obtain approval to implement and funding.

b. The processing of project authorization requests provides for complete coordination of proposed projects at the early planning state. A project authorization gives assurance to the submitting exchange that the expenditure of efforts and funds for development of a detailed project submission is not likely to be wasted.

c. Project authorizations may be granted by the AAFES project approval authority that subsequently can grant approval to implement (para 6-6).

### **6-4. Proprietary approval (command/department).**

This approval grants authority to execute work of a specified type and scope on Government-owned or controlled facilities or land at a designated location. The approval must be obtained from the installation command, major command, or from the Department concerned, depending upon the scope of the project. This approval is required whenever an AAFES project includes work on real property, such as new construction or renovation of facilities or addition/replacement of installed building equipment. Proprietary approvals are required as follows (cost limits exclude exchange (1) design cost and (2) operating equipment).

a. All projects must be authenticated by the installation commander concerned.

b. For projects where the costs of construction, maintenance or repair individually do not exceed \$300,000, approval by the major command concerned. (See paragraph 1-2d regarding major command redelegation of authority.) The major command proprietary approval is normally evidenced by its favorable endorsement of a DD Form 1391 request.

c. For projects where the costs of either construction or maintenance or repair involved exceed \$300,000, approval by the Department concerned (and prior reporting to the Congress as outlined in paragraph 6-10, if construction cost exceeds \$300,000). Where a project requires any other departmental approval, e.g., waiver of space criteria or approval of construction in IBOP (International Balance of Payments) areas, granting of that approval will constitute concurrent proprietary by the Department.

### **6-5. AAFES approval to implement and funding**

AAFES approval to implement must be obtained for each project from the appropriate AAFES project approval authority. The approval constitutes AAFES authority to execute a proposed project within a stipulated scope, subject to funding and technical approval. "Funding" authorizes expenditure of AAFES funds in a specified amount for the project.

### **6-6. AAFES project approval authority**

a. All AAFES project approval authority and authority to obligate AAFES funds delegated within AAFES emanates from the Board of Directors, AAFEMPS. The AAFES project approval authorities established by the Board are shown in table 6-1. Where the term "AAFES project approval authority" is used in this regulation, it refers to the following:

(1) *Commander, AAFES*. In addition to approving projects within his delegated authority (table 6-1), the Commander, AAFES provides the funds for all AAFES projects. This includes the allocation of capital expenditure funds to other AAFES elements designated as project approval authorities. All project requests requiring consideration by the Board of Directors, AAFEMPS, are addressed to the Commander, AAFES.

(2) *Commanders, EES, PACEX and ALEX*.

(a) The Board has delegated to the Commanders, EES, PACEX, and ALEX, the AAFES project approval funding authority specified in table 6-1.

(b) Within the limits of the approved annual AAFES capital expenditure program, the commander of the overseas exchange system receives bulk allocations of capital expenditure funds from the Commander, AAFES. The overseas exchange system commander utilizes these allocations to fund individual projects approved by him or by the Commander, AAFES, and to allot funds to overseas exchange regions for minor projects that are within regional approval authority ((3) below).

(3) *Commanders/chiefs of exchange regions*. Commanders/chiefs of overseas exchange regions and chiefs of CONUS exchange regions have been designated project approval funding authorities within the limits specified in ESM 39-2.

They provide capital expenditure funds for projects approved by them, within limits of funds allocated to them by the commander of the overseas exchange system or by the Commander, AAFES, as applicable.

*b.* AAFES project approval authority is governed by the following:

(1) Delegated project approval authority is subject to administrative and technical instructions issued by the Commander, AAFES. The construction portion of overseas exchange system and exchange region project approval authority includes the erection of portable buildings, but excludes erection of relocatable buildings and new construction of individual buildings or facilities.

(2) Commander, AAFES, and Commanders, EES, PACEX, and ALEX may redelegate their project/funding approval authority. Redlegation limitations will be established by the Commander, AAFES.

(3) Data on all components of a composite project (capital expenditures, maintenance, and repairs) will be included in the project submission for the information of the project approval authority. If the composite project is disapproved, the components within the approval purview of a lower AAFES echelon may be subsequently approved and implemented by that echelon provided that the composite project disapproval did not preclude separate implementation of any component.

(4) General managers, exchange region chiefs, and commanders of overseas exchange systems may approve work programs provided that the total cost of the work program does not exceed delegated approval authority unless otherwise specified by the Commander, AAFES. (See paragraph 1-3*n* for examples of work programs.) Where the total cost of the work program exceeds delegated project approval authority, prior approval by the applicable exchange service headquarters is required. Details are specified in ESM 39-2.

## **6-7. Exceptions and waivers to space criteria**

Requests for space allowances not authorized by DOD Construction Criteria Manual 4270.1-M require the approval specified in table 6-1. Approval levels will be based on the following:

*a.* For facilities to be occupied by an exchange activity (i.e., activations), the individual cost of construction, maintenance, and repair (excluding cost of design and any operating equipment).

*b.* For facilities which have been occupied by the exchange (and involves a renovation or alteration of the facilities to continue the exchange activity in operation), the cost of construction (excluding cost of design, operating equipment, and any concurrent maintenance and repair work).

## **6-8. Projects in international balance of payment areas**

Projects involving local expenditures in International Balance of Payments areas for construction/repair/maintenance require approval as specified in table 6-1. Guidance for processing these projects is contained in Exchange Service Manual 39-2.

## **6-9. Technical sufficiency approval (command)**

Whenever proprietary approval is obtained for work of a real property nature (para 6-4), technical sufficiency approval must be obtained from the designated command element before the work is started (para 3-3). For work of a real property nature, this approval constitutes assurance of engineering adequacy and adherence to Departmental criteria and approved technical standards. The technical sufficiency review will be conducted by the agency that would approve a comparable appropriated fund project for technical sufficiency (AR 60-10/AFR 147-7, AFM 88-29).

## **6-10. Reporting of construction projects to Congress**

*a.* The Department of Defense is required to report semiannually to Congress on construction projects using nonappropriated funds including—

(1) Projects involving construction costs exceeding \$300,000 planned for accomplishment in the next 12-month period.

(2) Projects involving construction costing \$25,000-\$300,000 which have been placed under contract or started during the preceding 6-month period.

(3) Projects involving construction costs exceeding \$300,000 (previously reported to Congress in accordance with (1) above) which have been placed under contract or started during the preceding 6-month period.

*b.* Reports of AAFES construction projects will be forwarded by exchange activities to the Commander, AAFES, in accordance with ESM 39-2, for reforwarding to the Department of the Air Force, Directorate of Civil Engineering and Department of the Army, Office of the Chief of Engineers, as appropriate. Any construction project exceeding \$300,000 will not be placed under contract or started until it has been reported to Congress and has subsequently been approved by the Department of the Army or the Air Force, as applicable.

## **6-11. Project status reports (RCS AAFES-54)**

*a.* Overseas exchanges will submit project status reports (RCS AAFES-54) to the Commander, AAFES, through intermediate AAFES echelons, in accordance with instructions in ESM 39-2. Exchanges will concurrently forward copies to major commands if required by those commands.

*b.* For CONUS exchanges, the Commander, AAFES, distributes monthly project status reports to exchanges through the exchange region. Major commands desiring copies of status reports concerning their installations may obtain them by letter request to HQ AAFES, Attention: EN-M.

**Table 6–1**  
**Approval of AAFES-Funded Projects**

APPROVAL	CONSTRUCTION REPAIR MAINTENANCE <sup>1</sup>	TOTAL CAPITAL EXPENDITURE <sup>2</sup>	APPROVAL AUTHORITY						
			Major Commander	Commanders EES PACEX ALEX	Commander AAFES	BOD AAFEMPS	HQ DA/DAF	SA/ SAF	OSD
Proprietary	To \$300,000		X <sup>3</sup>						
	Exceeding \$300,000						X <sup>4</sup>		
International Balance of Payments	To \$25,000			X					
	\$25,001 to 100,000				X				
	\$100,001 to 300,000					X <sup>9</sup>			
	Exceeding \$300,000							X	
Space Criteria Waivers/ Exceptions	To \$25,000 <sup>5</sup>				X <sup>6</sup>				
	\$25,001 to 50,000 <sup>5</sup>							X	
	Exceeding \$50,000 <sup>5</sup>								X
AAFES Project Approval/ Funding	To \$25,000	To \$50,000		X <sup>7</sup>	X <sup>8</sup>				
	\$25,001 to 100,000	\$50,001 to 200,000			X				
	Exceeding \$100,000	Exceeding \$200,000				X <sup>9</sup>			

Notes:

<sup>1</sup> Separately applied to construction, maintenance, and repair costs (exclusive of design costs), whether the three categories of work are done independently or concurrently as a single undertaking.

<sup>2</sup> Total (combined) cost of design, construction and operating equipment (exclusive of concurrent maintenance and repair costs).

<sup>3</sup> Or by Installation or Intermediate Commander up to amount of authority delegated him by major command.

<sup>4</sup> Including forwarding to OSD, for reporting to Congress, project whose construction costs exceed \$300,000.

<sup>5</sup> For an activation project, the individual costs of construction or maintenance or repair; for a project not involving activation, construction cost.

<sup>6</sup> Applies to exceptions. Requests for waivers must be submitted to the Department concerned.

<sup>7</sup> New construction and erection of relocatable buildings may be approved only by Commander, AAFES, and BOD, AAFEMPS.

<sup>8</sup> For CONUS and offshore exchanges, or as delegated by Commander, AAFES, to CONUS exchange region chiefs.

<sup>9</sup> The Commander, AAFES, has been granted AAFES project approval authority by the Board of Directors, AAFEMPS, for automotive service and gasoline station projects in any amount, including projects involving International Balance of Payment procedures up to \$300,000.

## Chapter 7

### Development and Processing of Project Requests

#### 7–1. General

- a. Proposals for AAFES projects are developed at any AAFES level.
- b. Project requirements are usually identified by the exchange or the exchange service headquarters well in advance of the proposed implementation period and are included in the Exchange Facility Master Plan and Long-Range Capital Expenditure Program (chap. 5). This advance identification is particularly important for projects requiring Departmental approvals and submission to the Congress.
- c. Project requests may be submitted singly for authorization, approval to implement, and funding at any time on a year-round basis. This applies also to unforeseen requirements not included in the Exchange Facility Master Plan or Long-Range Capital Expenditure Program.
- d. If a submitted project request is not in consonance with the Exchange Facility Master Plan, an approved revision of the master plan or an explanation must accompany the submission.
- e. Smaller projects (e.g., costing not in excess of \$5,000) are mostly required to meet unforeseen needs such as replacement of failing equipment, facility repairs, minor essential improvements (e.g., correct sanitation deficiency) or any combination of such requirements. Normally such projects are developed and processed as the needs arise. Most of these projects are within the approval authority of the commanders/chiefs of exchange regions and require only limited coordination.
- f. Larger projects (e.g., costing over \$5,000) are assigned priorities and are developed and processed accordingly.

#### 7–2. Preparation of project requests

- a. All projects will be developed with the same care and attention to detail regardless of project cost and applicable level of approval authority.

- b. Projects will not be subdivided to circumvent the approval levels stated in chapter 6.
- c. Engineering services required for the development of AAFES project submissions will usually be provided by AAFES engineering elements which are located at most exchange service headquarters (chap. 9).
- d. The type and amount of information that is required in a project request and the requirements for coordination and routing differ with the category of project involved, the scope of the project, and the particular type of approving action sought (e.g., approval to principle, authorization, approval to implement and funding). The different categories of projects are—
  - (1) Operating equipment projects (para 7–3).
  - (2) Projects involving work on real property (para 7–4).
  - (3) Projects requiring approval by the Board of Directors, AAFEMPS (para 7–11).
- e. Project requests will be prepared in accordance with technical instructions in ESM 39–2.

### **7–3. Operating equipment projects**

- a. These involve the acquisition of operating equipment items (including items classified as Other Fixed Assets) that are not affixed to a building as installed property (e.g., retail fixtures, coffee urns, steam table, typewriter, desk). Consequently, command proprietary approval is not required. However, command technical sufficiency review, through prior coordination with the facilities engineer (Army) or base civil engineer (Air Force), is required if the equipment is to be connected to utility systems or may affect the structure in which it is to be located (e.g., because of heavy weight).
- b. The minimum documentation required in any operating equipment project submission is the Project Funding Request (AAFES Form 7650–12) (this would apply to a request for one or several new items of equipment). To expedite procurement action, completed purchase orders may accompany the submission. When the project involves replacement of equipment or re-use of AAFES excess equipment, the submission will be supported by Evaluation of Excess/Surplus Equipment (AAFES Form 8600–17). If the project scope exceeds the AAFES regional approval authority, the submission will include a Project Authorization Request (AAFES Form 8200–1). For detailed guidance see ESM 39–2.
- c. After coordination with the facility engineer (Army) or base civil engineer (Air Force) if applicable, exchanges will submit projects for operating equipment to the project approval authority (para 6–6), routing the submission through any intermediate AAFES supervisory or support echelon (e.g., regional exchange headquarters). Upon concurrence in the requirement, the project approval authority approves the project for implementation and usually allots funds, permitting the exchange to initiate procurement.

### **7–4. Projects involving work on real property**

- a. Projects involving work on real property such as M&R work, construction, and installed personal property require proprietary approval by the installation commander or his authorized representative, and—if scope requires—by the major commander and, if involving construction, maintenance, or repair costs any of which is \$300,000 or more, by the Department concerned.
- b. Major projects (i.e., those involving a substantial amount of building improvements of M&R work, or involving a substantial expenditure) usually require a 3-step processing that encompasses authorization; approval to implement; and funding. The multi-step processing allows for extensive coordination during key phases of the development of the project and minimizes the risk of having detailed plans, design, specifications and other technical work rejected and the resources spent on their development wasted. The normal series of actions in the 3-step processing is outlined in paragraphs 7–5 through 7–10. As specified in ESM 39–2, other projects may qualify for authorization, approval to implement, and funding in one step or in two steps (i.e., (1) authorization and (2) approval to implement and funding).

### **7–5. Preliminary project proposal**

To obtain authorization of a project involving work on real property, the exchange develops a conceptional description of the requirement, its justification (including anticipated impact on customer services, exchange sales and operating results) and other supporting information. The submission of the proposal will consist of the Project Authorization Request (AAFES Form 8200–1) and attachments. The data required will vary depending on the scope and nature of the project and may include any or all of the following (for detail see ESM 39–2):

- a. Information regarding the authorized military strength of the installation and appropriated fund support, if applicable.
- b. A statement as to whether the proposed project is in consonance with approved Exchange Facility Master Plan.
- c. Description of the proposed work.
- d. Interior and exterior photographs, as-built plans, site plans, utilities plans, and AAFES Electrical/Mechanical questionnaire (AAFES Form 8200–15).
- e. Space Analysis (prepared on DD Form 1391c as outlined in ESM 39–20).
- f. A list of equipment in use.
- g. Evaluation of Excess/Surplus Equipment (AAFES Form 8600–17).

- h.* Various AAFES questionnaires pertaining to the retail, food and services activities involved, as applicable.
- i.* Project Funding Request (AAFES Form 7650–12) for funding project development costs (para 7–6).

#### **7–6. Request for authorization (AAFES)**

The exchange forwards the preliminary project proposal (para 7–5) to the AAFES project approval authority (para 6–6 and table 6–1) through any intermediate exchange service headquarters. If the project is favorably considered, the project approval authority authorizes the project (or approves it in principle stating what action or data are required to obtain authorization, e.g., modification of scope, additional justification) and returns the project to the originator. Normally, any costs for development of the project by AAFES engineering elements (preparation of preliminary plans, including site plan and equipment layout, draft DD form 1391, preliminary cost estimates, fiscal evaluation of the project, etc.) are funded at this time.

#### **7–7. Detailed project submission**

Following the authorization of a project involving work on real property, the exchange will secure all additionally required information and technical data to develop a detailed project submission clearly defining the scope of the project (for engineering services see chapter 9). The detailed project submission will normally consist of the Project Authorization Request (AAFES Form 8200–1), Budget Authorization (AAFES Form 7650–10) for design costs, and other documentation previously returned to the exchange with authorization of the project. This supporting documentation will be brought up to date. In addition, any of the following will be added, as applicable.

- a.* Detailed plans of proposed equipment layouts.
- b.* Equipment listings identifying each new item of equipment and fixture, and its unit cost, as well as excess equipment items earmarked for use in the project.
- c.* A quantitative take-off cost estimate by classes of work (unit and total cost). This will be submitted either on Project Cost Estimate (AAFES Form 8150–14) or as part of the DD Form 1391 package.
- d.* Any other information needed to support the project.

#### **7–8. Proprietary approval (command department)**

*a.* The exchange submits pertinent data from the detailed project submission (para 7–7) to the installation commander or his authorized representative (e.g., the facilities engineer, Army or base civil engineer, Air Force) for proprietary approval. If within the installation commander's authority, he approves the request and returns it to the exchange.

*b.* If the approval must be obtained from a higher headquarters, the installation prepares and submits the necessary request (table 6–1). Where Departmental proprietary approval is required, the request will include DD Form 1391. Requests for major/intermediate command proprietary approval will be accompanied by either DD Form 1391 or other documents prescribed by applicable regulations.

*c.* Preparation of DD Form 1391 is an installation command responsibility. Normally, the exchange or AAFES engineers will provide technical data and other assistance. When this assistance is provided, special instructions in ESM 39–2, ESM 39–20, and—for Air Force exchanges—ESM 39–22 will be taken into consideration.

*d.* Where Departmental proprietary approval is required, the major command will forward the submission through the Commander, AAFES. If the request for Departmental approval pertains to an exchange in an overseas exchange system, the command will forward the documentation through the overseas exchange system headquarters and, in turn, through the Commander, AAFES. Unless otherwise stated, favorable indorsement by the overseas exchange system headquarters will be an indication of its willingness and capability to provide the required funds.

*e.* In obtaining proprietary approval for a project in which construction and repair, repair by replacement and/or maintenance are to be accomplished simultaneously as an integrated undertaking, the construction will be treated separately and processed as a separate project for purposes of determining costs and proprietary approval levels. Engineering estimates may be used to determine applicable construction work.

#### **7–9. Approval to implement (AAFES)**

To secure this approval the exchange forwards the detailed project submission (para 7–7) through AAFES channels to the project approval authority. Where proprietary approval is required a copy of the approved DD Form 1391 or other applicable document will be included in the submission. When granted, the approval to implement and funding of design costs permits preparation of—

- a.* Final working drawings and specifications and obtaining technical sufficiency approval from the appropriate command element.
- b.* Purchase orders and a complete contract file, including the proposed construction agreement.

#### **7–10. Project funding**

To obtain an allotment of the balance of funds required for the project, the exchange forwards the documents cited in paragraph 7–9*a* and *b*, together with a Budget Authorization (AAFES Form 7650–10) through AAFES channels to the

project approval authority. (For all overseas exchange system projects other than new construction, including projects that required approval by the Commander, AAFES, or by the Board of Directors, AAFEMPS, the overseas exchange system allots the funds.) The fund allotment, together with any implementing instructions, permits the exchange to proceed with execution of the project in accordance with AAFES procurement instructions (provided all necessary proprietary and technical sufficiency approvals have been obtained).

#### **7-11. Projects requiring approval by the Board of Directors, AAFEMP**

These usually involve major renovation, major alteration, and new construction. Projects are submitted to the Board by the Commander, AAFES. (New construction projects are monitored from inception to completion by, and are funded by HQ AAFES.) The commanders concerned are notified by HQ AAFES when the Board approves in principle or approves for implementation projects of this nature. (Also, where either estimated construction, maintenance, or repair costs exceeds \$300,000, a project requires Departmental approval and, for construction cost exceeding \$300,000, prior reporting to Congress.)

#### **7-12. Projects initiated by the project approval authority**

If the scope of a project is within the approval purview of an exchange service headquarters (e.g. a PACEX regional exchange), that headquarters may develop or authorize development of the project, obtain any necessary proprietary and technical sufficiency approvals, and implement or approve implementation of the work.

#### **7-13. Submission and processing of M&R jobs**

M&R jobs (work less than \$2,000) when not part of a project will be approved by the general manager. Instructions of processing M&R jobs are contained in ESM 39-4.

#### **7-14. Emergency projects**

Approval of emergency projects (para 1-3k(2)(d)) may be obtained by message or telephone, with after-the-fact submission of documentation required.

#### **7-15. Routing requests for Departmental approvals**

Requests for Departmental approvals, whether for proprietary, space criteria exception/waiver, or International Balance of Payments approval, will be forwarded by the major command through the overseas exchange system headquarters, where applicable, and HQ AAFES, and will be considered only where AAFES indicates concurrence in the related project and will eventually make required funds available.

## **Chapter 8 Project Implementation**

### **8-1. Basic provisions**

a. Use of AAFES funds is subject to the following provisions for control of projects at executing level:

(1) AAFES funds will not be expended or committed for a project prior to approval by the Commander, AAFES or his designee (table 6-1). During execution of the project, a current record of expenditures and liabilities balanced against approved funds will be maintained on Project Funding Request (AAFES Form 7650-12).

(2) Over-expenditures are not authorized. When necessary, additional funding authority will be requested. Approved contingency funds will be used only for work authorized in the approved project.

(3) Coordination with the facilities or base civil engineer will be in accordance with AR 210-55, AFR 34-67 (until superseded by AFR 34-3), and other applicable regulations.

b. Each completed project will be inspected and audited.

### **8-2. Procurement and contracting**

Procurement and contracting with AAFES funds will be governed by the provisions of AR 60-20/AFR 147-14 and ESM 65-1.

### **8-3. Government contracting with AAFES funds**

When appropriated funds and AAFES nonappropriated funds are used in a single contract for a combination project, both sources and related scopes of work will retain their identity in the contract documents and in their respective records of account.

a. When a Government contracting officer executes a contract which obligates AAFES funds in combination with appropriated funds—

(1) Specifications used will allow separation of appropriated fund and AAFES fund responsibilities in proposals and invoices.

(2) AAFES fund expenditures, including any contingency payments, will be accounted for by the government accounting and finance officer and the contracting officer to the AAFES funding office on the basis of invoiced cost of work performed and proportionate share of invoiced cost of contractor's overhead.

*b.* If an advance payment of AAFES funds is required, a request for advance payment citing the overall contract cost, as well as the cost to the AAFES, will be forwarded to HQ AAFES, ATTN: Engineering Division, or the oversea exchange system, specifying with whom the AAFES funds will be deposited. HQ AAFES or the oversea exchange system will deposit the funds requested. Any unused amounts of advanced AAFES funds will be reimbursed to the respective AAFES funding office supported by accounting data required by *a*(2) above.

#### **8-4. Project supervision and inspection**

*a.* Depending upon the category of a project, supervision and inspection may be accomplished by exchange personnel, exchange service headquarters engineering personnel (para 9-5), installation engineering personnel (para 9-4), civilian architect-engineer firms under contract, Army District Engineers, or as otherwise determined by the Commander, AAFES.

*b.* All equipment, fixtures and other items not defined as installed property, and all portable and relocatable structures designated as AAFES buildings will be inspected by AAFES personnel. Inspection will encompass the following: Compliance with plans, specifications and directives of regulatory agencies; workmanship; damage prior to installation; and installation in accordance with manufacturers instructions.

### **Chapter 9 Engineering Services**

#### **9-1. General**

Project plans and specifications for an exchange facility must conform with standards established by the military departments as well as those established by the Commander, AAFES. This applies equally to AAFES-funded and concessionaire/contractor-funded projects. (AR 60-10/AFR 147-7 prescribes that appropriated fund projects will be submitted to the Commander, AAFES, for functional and technical review of items directly affecting exchange operations or cost.) Deviation from designs and specifications published by the Commander, AAFES, whether for equipment or facilities, is not authorized. Exceptions require prior approval by the Commander, AAFES.

#### **9-2. Architectural/engineering support**

Engineering and architectural design for exchange nonappropriated fund projects will be secured as follows:

*a.* For projects \$5,000 or less, and M&R jobs (under \$2,000) involving work on real property, working drawings and specifications will normally be provided by the facilities engineer (Army) or by the base civil engineer (Air Force) of the installation where the work is to be done. Prior to development of work costing between \$2,000 and \$5,000, preliminary plans will be provided by, or require approval by, the exchange service headquarters having approval authority for the project.

*b.* For projects over \$5,000, and for projects under \$5,000 when the installation commander determines that engineering services cannot be rendered by his staff within a reasonable time because of higher priority requirements, engineering support will be provided by AAFES engineering personnel or contracted architect-engineer services. The contracting of, and the determination of fees for, commercial design services will be in accordance with AAFES procurement procedures (ESM 65-1). Use of either facilities engineer (Army) or base civil engineer (Air Force) design services for projects over \$5,000, although available on a nonreimbursable basis, requires prior approval by Headquarters, AAFES, or oversea exchange system headquarters, as applicable.

*c.* Command support provided in accordance with the provisions of *a* and *b* above is subject to limitations imposed on the use of operations and maintenance funds.

*d.* Exchanges are not authorized to use plans and specifications developed by equipment and fixture suppliers, prospective contractors, or representatives of suppliers or contractors for use in solicitation for competitive price quotations, except when those plans and specifications are purchased by the exchange by contract. Shop drawings may be accepted from an equipment supplier without further reimbursement after an equipment contract award is made to that supplier.

#### **9-3. Payment for engineering and architectural services**

*a.* Planning, engineering, and design services furnished by military personnel and Government employees within their regular Government duties will not be reimbursed from AAFES funds. (AAFES may reimburse military engineering services which are available only on a reimbursement basis to all Government appropriated and nonappropriated fund agencies, such as services provided by Army District Engineers.) Also see paragraphs 8-4 and 9-4.

*b.* Fees for engineering and architectural services will be included in the cost of the project.

*c.* If for unusual circumstances architect-engineer services are required (for other than final working drawings and



specifications) in advance of AAFES project authorization, overseas exchange system may approve fees not exceeding \$3,000 for other than new construction projects. Fees in excess of this amount require approval by the Commander, AAFES. The payment of all architect-engineering fees for new construction projects will be made by or require prior approval by the Commander, AAFES.

*d.* Final working drawings and specifications will not be secured in advance of AAFES project approval unless prior authority has been obtained from the Commander, AAFES.

#### **9-4. Supervision and inspection of AAFES construction by installation personnel**

The use of qualified installation engineering personnel to supervise and inspect AAFES-funded construction as part of the normal performance of their duties is authorized without reimbursement from AAFES funds.

#### **9-5. AAFES engineering services**

AAFES engineering staffs at exchange service headquarters (i.e., Headquarters, AAFES; overseas exchange systems headquarters, regional headquarters) assist in the identification of requirements and provide technical support in all project phases, as authorized by the Commander, AAFES. This support may include the following:

- a.* Developing preliminary project information to assist the exchange in securing project authorization.
- b.* Preparing layouts and equipment lists (in coordination with AAFES operational staff elements), costs estimates, and any other information needed in the exchange's detailed project submission to secure approval to implement a project.
- c.* Assisting, when required, in preparation of DD Form 1391 to obtain proprietary approval.
- d.* Preparing final working drawings and specifications, or monitoring such preparation by architect-engineers contracted for by AAFES.
- e.* Monitoring the execution of work, as required.

### **Chapter 10**

## **Air Conditioning, Heating, Evaporative Cooling, Humidification, Dehumidification, and Mechanical Ventilation**

#### **10-1. General policy**

- a.* Projects accomplished by either appropriated funds or AAFES funds where part or all of the equipment maintenance and operation costs are funds from appropriated funds will comply with AFM 88-15 or AR 420-54, as applicable.
- b.* Air conditioning of exchange facilities is allowed in any weather zones when approved by the Commander, AAFES, and is accomplished entirely from AAFES funds. In these instances, appropriated funds may not be used to cover any cost incurred in connection with the installation of the air conditioning system.

#### **10-2. Appropriated fund projects**

- a.* Appropriated fund projects for construction of new or alteration of existing exchange facilities may include—
  - (1) Air conditioning in weather zones A and B (table 10-1).
  - (2) Evaporative cooling in weather zones C and D (table 10-1).
- b.* Heating systems and air conditioning systems will be combined in locations where air conditioning is authorized (weather zones A and B). In weather zones C and D where the wet bulb temperature is 67° F for 600 or more hours per year, the heating systems will be adaptable to the addition of air conditioning.
- c.* In the design of new exchange facilities for appropriated fund construction, provisions may be made for space for future AAFES-funded air conditioning.

#### **10-3. AAFES design**

AAFES-funded air conditioning, heating, evaporative cooling, humidification, dehumidification, and mechanical ventilation in exchange facilities will be designed in accordance with criteria established by the Commander, AAFES (DOD Construction Criteria Manual 4270.1 exempts AAFES-funded projects from the mechanical criteria specified in that manual.)

#### **10-4. Installation command review of plans and specifications.**

Plans and specifications for the installation of AAFES-funded air conditioning, heating, evaporative cooling, humidification, dehumidification, and mechanical ventilation equipment in government structures will be reviewed and approved for technical sufficiency as cited in paragraph 3-3 prior to the procurement of the equipment and award of any contract to accomplish the work.

### 10-5. Authorized types of air conditioning funded by AAFES

*a.* The following types of air conditioning (mechanical refrigeration) may be authorized:

(1) Central-plant air conditioning equipment in buildings not scheduled for replacement within 7 years or in temporary and semi-permanent buildings which have a life expectancy of more than 10 years remaining.

(2) Self-contained air conditioning units (package units) either installed singularly or in multiplicity in temporary and semipermanent buildings on a temporary basis, or in any other location where the exchange enjoys only partial occupancy of the facility, provided the exchange occupancy is firmly projected to continue at least 2 years beyond the date of installation of that equipment.

*b.* Where air conditioning is to be provided in an existing or new-construction permanent building, scheduled for continuous exchange activity use, central-plant type equipment will be installed.

*c.* In new construction of buildings, the air conditioning or mechanical ventilation systems will be integrated with the heating system.

### 10-6. Criteria for air conditioning with AAFES funds

*a.* The type of air conditioning authorized in paragraph 10-5 may be approved on the basis of weather zone classifications (table 10-1) as follows:

(1) Main retail store administrative offices and sales areas and beauty shops—in weather zones “A”, “B”, and “C”, and also, when special conditions warrant, in “D”. (In warehouses contiguous to main stores, as determined by the Commander, AAFES.)

(2) Cafeteria and snack bar (including automatic and semi-automatic snack bar) dining areas, and storage areas where items sensitive to heat and humidity are stored—in weather zones “A”, “B”, and “C”.

(3) Branch retail sales and dining areas beer bars, and all service outlets (i.e., laundrettes, amusement centers, barber and shoe repair shops) in weather zone “B”. These activities, as well as administrative offices not part of a main retail store, are authorized air conditioning in weather zones “A” and “C” if they are located in a centrally air conditioned building or if special conditions warrant.

(4) Areas in food plants where perishable foods are stored, manufactured, or processed outside of cooler or freezer compartments: in weather zones “A”, “B”, “C” and “D”.

*b.* Where special conditions warrant, the Commander, AAFES may approve the air conditioning he determines necessary for facilities not specified in *a* above.

### 10-7. Title to equipment

Title to air conditioning/heating central-plant equipment installed by the exchange will be transferred to the Government when installed in Government structures. Title to self-contained units (package units) will remain with the AAFES and the units will be accounted for as exchange equipment (para 3-7).

**Table 10-1**  
**Weather Zone Classifications**

<b>Zone A</b>	<b>Zone B</b>	<b>Zone C</b>	<b>Zone D</b>
Areas where the wet-bulb temperature is 73° For higher less than 150 hours during the 6 warmest months of the year, and the dry-bulb temperature is 93° F or higher 155 or more hours during the same period.	Areas where the wet-bulb temperature is 67° For higher 800 or more hours during the 6 warmest months of the year, provided that the area does not qualify under Zone A.	Areas where the dry-bulb temperature is 80° For higher 350 or more hours during the 6 warmest months of the year.	Areas where the dry-bulb temperature is 80° For higher less than 350 hours during the 6 warmest months of the year.

### 10-8. Maintenance of equipment

*a.* Air conditioning/heating central-plant equipment to which title was transferred to the Government will be maintained as follows:

(1) Where equipment complies with AFM 88-15 or AR 420-54—from appropriated funds.

(2) Where equipment deviates from provisions of AFM 88-15 or AR 420-54—from AAFES funds.

*b.* Packaged units to which AAFES retains title will be maintained by the exchange.

**UNCLASSIFIED**

**PIN 000845-009**

# USAPA

ELECTRONIC PUBLISHING SYSTEM

OneCol FORMATTER .WIN32 Version 148

PIN: 000845-009

DATE: 05-14-01

TIME: 09:34:20

PAGES SET: 24

---

DATA FILE: C:\wincomp\correx.fil

DOCUMENT: AR 60-31

DOC STATUS: NEW PUBLICATION